



pact

Pre-pay a Child's Tuition

2009 STUDENT HANDBOOK

**Kay Ivey, State Treasurer
1-800-252-7228
www.800ALAPACT.com**

Dear PACT Participant:

The college years are such an exciting time of life. You have a great opportunity to prepare yourself for a meaningful career. A college education is so important and statistics show that with a college degree, your potential to earn a good salary is much greater. Someone has made an investment in your future by providing you this PACT contract.

Please use your benefits wisely and apply yourself wholeheartedly to your education. We are counting on you as our future leaders to provide an educated workforce. Have a great time, but remember the importance of these years!

Please contact us if we can assist you in any way in the use of your benefits. I wish you happiness and success!

Your encourager,

*Kay Ivey
State Treasurer*

Important Considerations for PACT Beneficiaries

- Benefits can be used for dual enrollment while in high school or can be advanced up to three years if you enroll in college ahead of your scheduled graduation.
- You are not required to take a specific number of undergraduate hours nor are you limited to four years – you can use your benefits as you choose for undergraduate study within the 10 year period.
- If you choose a private/out-of-state school, notify PACT in advance with information about the school.
- Payment to private and out-of-state schools is based on the weighted average of tuition/fees at the Alabama public four-year schools.
- PACT pays the school directly after an invoice is received; colleges bill PACT after the drop/add period.
- PACT deducts hours and fee terms from your account (not a dollar amount) each time an invoice is processed.
- There is no refund available for unused hours.
- If there is a minimum of 15 semester hours remaining, the hours can be transferred to a qualified substitute beneficiary.
- There is a 10 year period for the use of contract benefits, based on the original Projected College Entrance Date.
- PACT will not pay back invoices submitted for payment more than a year from the term the benefits were received.

GENERAL INFORMATION

Your PACT contract will pay Alabama public basic undergraduate tuition for the number of semester or quarter hours purchased, or the awarding of an undergraduate degree, whichever comes first. Tuition is defined as the basic undergraduate tuition charged by an Alabama public Eligible Institution, as certified by the institution. Non-traditional tuition is identified as on-line studies, distance learning, study abroad, internet/web classes, independent study, or off campus study. Payment to schools for these courses will be made at the customary charge for basic tuition, unless the charge is less, in which case the lesser amount will be paid.

Colleges and universities will bill PACT after “drop and add” but before partial refunds begin. All hours billed will be deducted from your account. There will be no adjustment to your account for hours dropped after an invoice has been paid by PACT; any refund due to dropped courses will be between you and the college or university. If you withdraw from school after registration but before classes begin, you must notify the billing office so that PACT will not be billed. Otherwise, these hours will also be deducted from your account once PACT is billed.

If you receive a scholarship, you are still eligible to receive the benefits of your contract. PACT will pay the college or university an amount equal to your tuition and qualified fees; however, you are responsible for having the college or university bill the PACT Program. The purchaser of your contract also has the option of transferring the contract to another qualified beneficiary.

If you fail a course or withdraw, hours which have been deducted from your account are not adjusted. Furthermore, if you choose a major with an hourly degree requirement greater than the hours provided by your contract, you will be responsible for the additional hours.

In addition to tuition, the PACT contract provides for the payment of qualified fees as purchased with your contract. Qualified fees are specifically listed by category, as follows: Building fee, Facility fee, Technology fee, Learning Resource Fee, Administrative Fee, Registration Fee, Instructional Fee, Library Fee, Bond Reserve Fee, and General University Fee. These are the only fees that will be paid by PACT. If you attend a private or out-of-state school, each payment will include a qualified fee payment; **there is no option to waive the qualified fee payment.** A specific listing of qualified fees for every Alabama public college and university can be found on the Treasurer’s website, www.alapact.com.

You have 10 years from the original projected college entrance date to use the benefits of your contract.

YOUR PACT ACCOUNT

Your PACT contract is set up as a computerized account. This account begins with the semester hours purchased (or equivalent quarter hours) of undergraduate Alabama public tuition and the registrations purchased for qualified fee payments on a semester system or equivalent registrations on a quarter system. The purchaser can request on-line access to the account at www.alapact.com.

There is no dollar amount placed into an account; the account is maintained by credit hours. **Your contract terminates when you use the hours available** or ten years from the projected college entrance date of the original beneficiary.

Each semester or quarter that you enroll in a college or university, the credit hours which are billed to the PACT program are deducted from your account. If PACT pays qualified fees, one registration is deducted per semester or quarter that payment is made.

If your contract is cancelled, the purchaser of the contract will be paid a refund. The refund will be the redemption value of your contract. No refund is available if PACT has paid more in benefits than was paid for the contract.

Please notify the PACT office when you graduate from college if there are any tuition hours remaining. The PACT contract cannot be used for graduate or professional school. If there are 15 hours or more remaining on your account, the contract can be transferred to a qualified beneficiary who can use the benefits within the same ten year period.

PACT PAYMENT PROCESSING FOR ALABAMA PUBLIC COLLEGES AND UNIVERSITIES

A roster of every eligible and ineligible beneficiary will be provided weekly on the Internet to the public and private colleges and universities in Alabama. If your PACT account is delinquent or has outstanding fees, your name will appear on an ineligible roster and payments will be suspended. Your contract must be paid in full, including any outstanding fees, before you can receive benefits. Also, your benefits cannot be processed without a valid Social Security Number on file.

NOTIFY BILLING OFFICE

Each quarter or semester you register, **you must notify the billing office** that you are a PACT beneficiary. The college will bill PACT for your tuition and qualified fees after the “drop/add” period. PACT will make payment to the college. Please note that PACT will **only pay basic undergraduate tuition and the qualified fees listed on the PACT website**. The PACT contract does not cover graduate or professional school. Please note that PACT will not pay for room and board, books, food, transportation, course-specific fees including lab fees, orientation fees, the drop/add fee or any other expenses. If you withdraw from school after registration but before classes begin, **notify the billing office** so that PACT will not be billed. You will be responsible for any fee associated with withdrawal. Your PACT contract can be used for special terms such as the summer mini terms. PACT will be billed in the customary manner, according to credit hours taken and the hours will be deducted from your account.

ATTENDANCE AT A PRIVATE OR OUT-OF-STATE COLLEGE OR UNIVERSITY

Notify PACT in writing, 60 days in advance of attendance at a private or out-of-state college or university. After PACT has received your written notification of attendance, a letter is sent to the college or university. This letter contains billing instructions and the amount that will be paid by PACT on your behalf. During registration **each quarter or semester**, you should contact the billing office to establish invoicing for PACT. If the college has not received this information when you register, please have someone call us at 1-866-898-0941. You are responsible for having the college bill PACT. You must send written notification to PACT if you transfer to another private or out-of-state college/university. PACT will pay the college directly after receipt of an invoice. A \$25 processing fee will be deducted from payment to the college or university for each quarter or semester you attend. The amount paid per credit hour will be based on the current tuition value which is the weighted-average tuition and qualified fee payment of the four-year public Alabama colleges and universities, as defined in the PACT Rules. Each payment made to an out-of-state or private college will include a qualified fee payment which will be deducted from your account.

The amount forwarded will not exceed the cost of undergraduate tuition plus fees of the out-of-state or private college. The college will not bill PACT until after the “drop/add” period; this may delay payment and it may be necessary to make special arrangements with the college to wait for this portion of your payment. **You should not pay the full amount for tuition and request reimbursement**

from PACT for your contract benefits. PACT must be invoiced on your behalf and all PACT payments must be made directly to the college or university you attend. The following weighted-average tuition calculations are based on the Fall 2008 rates. Payment for out-of-state and private schools is based on this weighted-average tuition. The weighted-average rates change January 1 of each year.

Rate per semester hour: \$160.62

Qualified fees per semester: \$98.28

(paid once per semester)

Rate per quarter hour: \$107.08

Qualified fees per quarter: \$65.52

(paid once per quarter)

PACT ELIGIBILITY LETTER

A PACT eligibility letter will be mailed to you each year in June. This letter should be presented to the billing office **each quarter or semester**, unless the college gives you other instructions. A replacement letter can be obtained by calling 1-866-898-0941.

PACT USAGE STATEMENT

During May each year you will receive a statement of your account. This usage statement will reflect the hours and qualified fees which have been deducted from your contract. It will be important to check this statement to make certain it reflects the correct number of credit hours you have taken the previous year. If there is a discrepancy, please call 1-866-898-0941 to discuss your account.

ADVANCING BENEFITS

Your PACT benefits can be used to take college courses while still in high school as long as your contract is paid in full. This request must be submitted in writing by the purchaser.

BACKDATED INVOICES

PACT will not pay previous invoices submitted for payment more than a year from the date of the term when the benefits were received. The purchaser is responsible for requesting payment from the college/university in a timely manner.

TRANSFERRING CONTRACT BENEFITS

If you do not use all of your benefits, or do not plan to complete your college education, remaining benefits can be transferred to another qualified beneficiary.

The appropriate form must be completed and there must be at least 15 semester hours of tuition benefits remaining. The substitute beneficiary will have the same 10 year period as the original beneficiary to use the remaining benefits. Benefits for the substitute beneficiary **will not be paid prior to the date of the substitution.**

TAXES

Payments made by PACT to a college/university on your behalf are exempt from both state and federal income taxes.

FINANCIAL AID IMPLICATIONS

The receipt of PACT benefits may affect your qualification for financial aid. Financial aid is usually classified as need-based or merit-based. For need-based financial aid, having a PACT contract may have a negative impact because the contract may be seen as a parental asset. For merit-based financial aid, such as academic scholarships, your contract should not impact your eligibility. However, we cannot assure you that your PACT contract benefits will not be considered in determining your eligibility for any type of financial assistance. You should contact the financial aid office of the college/university you plan to attend to determine the impact your PACT contract may have on eligibility.

THE PACT STAFF

The PACT staff is located in the State Treasurer's office. We are available to assist you and can be reached by calling 1-800-ALA-PACT. The PACT staff is listed below. We wish you the very best and challenge you to use this gift in a responsible manner to prepare yourself for a productive life. Congratulations and best wishes as you pursue your college career.

Brenda Emfinger, College Savings Programs Director

Pam R. Stevenson, College Savings Programs Assistant Director

Malathi Ganesh, Accountant

Mary P. Glover, Administrative Support Assistant

PACT RULES AND DISCLOSURE STATEMENT

The PACT Rules and Disclosure Statement are available at www.800alapact.com. These are the rules that govern the use of your PACT contract.